

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 PARIS 007630

SIPDIS

SENSITIVE

E.O. 12958: N/A

TAGS: [ECON](#) [ELAB](#) [FR](#) [KBIO](#)

SUBJECT: NEW FRENCH BUSINESS REPRESENTATIVE PARISOT ON
FRENCH ECONOMY AND CHALLENGES

1. SUMMARY. France's new business spokesman Laurence Parisot believes France is still "quite competitive" despite the French public's negative perception of the private sector. Parisot, who was elected as first woman president of the French employers association MEDEF in July 2005, told Ambassador Stapleton that it was essential to change the "anti-business reflex" that reigned in France. She was cautiously optimistic on some aspects of Prime Minister Villepin's management of the economy, notably his proposed tax reform and new labor contracts. Overall, she said he was "treading water". She lamented the fact that her predecessor, Ernest-Antoine de Selliere (now president of UNICE) had done little to maintain links with U.S. business during the early years of the Iraq war. Finally, she responded positively to the suggestion that the Franco-American Business Council be revived by interested investors, as a means of attracting increased U.S. investment to France. END SUMMARY

2. (U) Ambassador Stapleton met October 21 with Laurence Parisot, president of MEDEF, the French employers association. He was accompanied by FCS Minister Counselor and Econoff. MEDEF is France's umbrella employers' organization representing most businesses. Parisot was elected in July 2005 to replace Baron Ernest-Antoine de Selliere, who took up the Presidency of UNICE, the European umbrella employers organization (Union des Industries de la Communauté Européenne) headquartered in Brussels.

"THE WEIGHT OF THE PAST" (

3. (SBU) Parisot said she was "not pessimistic" about the state of the French economy. She said she thought the economy was burdened by the "weight of the past", notably its heavy public debt and its rigid labor laws. But she believed France was still competitive. She told Ambassador she thought Prime Minister Dominique de Villepin's performance so far was "not so bad", but that basically he was "treading water". She highlighted his proposals to liberalize work contracts and tax reforms as potentially positive.

UNIONS AND MANAGEMENT

4. (SBU) Parisot said her top priority was to change the French public's perception of the private sector. She said companies would have to strengthen their communication efforts and open up more to "civil society". Curiously, according to MEDEF polling, the French public has a positive impression of individual companies, including the companies that they have worked for. However, they have a negative perception of "business" and the private sector, in general. She herself has made an effort to include more entrepreneurs and small company CEOs at MEDEF, which has traditionally represented big business. She also said she would also try to effect a reform of the way employers worked with unions, notably to ensure that unrepresentative unions could not obstruct companies as they do now. French politicians on the left and right, she said, were "afraid" of union leaders, and rigid labor laws remained in place.

5. (SBU) Parisot told Ambassador Stapleton she regretted the difficulties for American and French business during the beginning of the Iraq war, and was mildly critical of her predecessor Selliere for having done little to try to stem the animosity on both sides. Both the U.S. and France have strong business and cultural links, but we cannot assume, she said, that relations will remain good. Both sides need to "try doubly hard to reinforce" the relationships.

FRANCO-AMERICAN BUSINESS COUNCIL?

6. (U) Ambassador encouraged her to respond positively to U.S. investors such as KKR's Henry Kravis and Disney's Bob Eiger, who had suggested reviving the Franco-American Business Council (FABC). An annual exchange among a small number of CEOs and investors could be useful, the Ambassador suggested, but ought to be "business-driven". Both agreed that such a forum should also include entrepreneurs and representatives of smaller businesses, in addition to the multinationals with interests on both sides of the Atlantic.

COMMENT

17. (SBU) COMMENT. Parisot won election to MEDEF in a lightning campaign, beating other more established candidates such as former Economy Minister Francis Mer and top textile executive Guillaume Sarkozy, brother to Nicolas, currently Minister of Interior. The first woman to take the job, Parisot has won some initial kudos in business circles for her fresh approach and outspokenness. Her willingness to reach out to U.S. business is also positive. But she is new to tough union-management negotiations and the kind of political maneuvering this requires in France. She is likely to have a slower learning curve and take longer to have an impact in this critical area.

STAPLETON

Please visit Paris' Classified Website at:
<http://www.state.sgov.gov/p/eur/paris/index.cfm>
Stapleton